

Kentucky Education and Workforce Development Cabinet

NEWS RELEASE

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Kentucky's annual jobless rate falls to 9.5 percent in 2011

FRANKFORT, Ky. (Feb. 29, 2012) — Kentucky's annual unemployment rate declined to 9.5 percent in 2011 from 10.2 percent in 2010, while nonfarm employment gained 21,200 jobs, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The U.S. annual unemployment rate fell to 8.9 percent in 2011 from 9.6 percent in 2010.

"In 2011, the Kentucky economy clearly made strides in recovering from the recession. All three components of Kentucky's labor force made significant shifts in the right direction: the civilian labor force expanded, employment went up and the number of unemployed declined by more than 13,000," said Manoj Shanker, an economist with OET.

Labor force statistics, including the unemployment rate, are based on surveys designed to measure trends.

Kentucky had the 12th highest annual unemployment rate among all states and the District of Columbia in 2011. Kentucky was one of 19 states plus the District of Columbia that reported annual unemployment rates above the U.S. annual rate in 2011.

Annual unemployment rates declined in all states with the exception of Arkansas, Mississippi and the District of Columbia from 2010 to 2011. North Dakota posted the lowest 2011 annual jobless rate in the country at 3.5 percent while Nevada had the highest annual rate at 13.5 percent.

In 2011, Kentucky's nonfarm payroll (agriculture and self-employed jobs excluded) increased by 21,200 or 1.2 percent to 1,791,600 employees making it the highest number of nonfarm jobs in Kentucky since 2008 when Kentucky's nonfarm employment stood at 1,851,700.

Eight of Kentucky's 11 major nonfarm job sectors listed in the North American Industry Classification System (NAICS) showed employment growth in 2011, while three reported losses.

According to the annual employment data, Kentucky's professional and business services, a sector that includes professional, scientific and technical services, management of companies, and administrative and support management, jumped by 8,300 jobs in 2011. This category also includes temporary help agencies that provide workers to other businesses on a contractual basis. In the last 10 years, the sector has surged by 29,900 jobs or nearly 19 percent.

"The job gains in support services are a good indicator of the strengthening economy. As the recovery gains momentum employment first strengthens in business support services and at temporary help agencies. Large industrial enterprises often outsource routine support activities. This allows them to evaluate employees before putting them on their payroll," Shanker said.

The educational and health services sector gained 4,400 jobs in 2011 and has shot up by 42,300 or nearly 20 percent in the last 10 years. Within this sector, health care and social assistance industries, such as hospitals,

nursing and residential care facilities and social assistance businesses, added 3,500 jobs in 2011 and have expanded by 39,100 jobs or more than 21 percent in the past 10 years. Educational services in this sector include employees at private elementary, secondary and postsecondary schools along with other establishments that provide instruction and training. While educational services added 900 jobs in 2011, these organizations have contributed an additional 3,300 jobs in the last 10 years.

Kentucky's manufacturing sector expanded by 3,300 jobs or 1.6 percent in 2011 for a total of 212,300 positions. In the last 10 years, the manufacturing base has eroded by 27 percent with the loss of 79,200 jobs.

"This is the first time in 10 years that Kentucky's manufacturing employment base has expanded," Shanker said. "The durable goods subsector, especially motor vehicle parts manufacturing and machinery, was up 6.8 percent, while electrical equipment was up 4.5 percent. That accounted for most of the growth in 2011," said Shanker.

"Kentucky's manufacturing sector received a boost from the strong yen, which put many Japanese products out of reach for European economies. This greatly improved the export demand for auto parts and electrical equipment made in the United States," said Shanker.

The trade, transportation and utilities sector increased by 3,700 jobs or 1 percent in 2011, and fell by 15,200 or 4 percent over the past 10 years. It is the largest Kentucky sector with a total of 364,700 jobs or one-fifth of Kentucky's nonfarm employment. Within the sector in 2011, retail trade employment was up by 1,200 jobs, while warehousing and storage businesses rose by 1,600 jobs.

"Wholesale trade employment, which is about one-third the size of retail trade, lost 900 jobs in 2011 as a result of consolidation and the changing concept of markets. Now merchant wholesalers are losing out to regional warehousing facilities that are equipped to drop ship directly to customers," said Shanker.

The state's leisure and hospitality sector added 2,200 positions in 2011, and rose by 16,700 or nearly 11 percent since 2001. Within the sector are arts, entertainment and recreation, and accommodation and food services.

"Almost all of the employment gains were in the area of food services and drinking places, which include restaurants and food service caterers. In contrast to Kentucky's 1.2 percent gain in employment in this sector in 2011, the national industry suffered a 6.4 percent decline," said Shanker.

Other services, a sector that includes repair and maintenance; personal and laundry services; and religious, civic, and professional organizations, rose by 800 jobs or more than 1 percent in 2011. The sector has lost 4,200 jobs in the last 10 years.

The number of jobs in the mining and logging sector increased by 500 in 2011, and by 2,100 jobs since 2001. Other industries included in the sector are forestry; oil and gas extraction; and support activities for mining.

The information sector, which includes establishments involved in publishing, Internet activities, data processing, broadcasting and news syndication, gained 300 positions or a little more than 1 percent in 2011. It is down by 6,100 jobs or more than 18 percent compared to 10 years ago.

On the other side of the ledger, financial activities, a sector that includes finance, insurance, real estate, and rental and leasing, reported 1,400 fewer positions or a decrease of 1.6 percent in 2011. In the last decade, the sector has increased by 2,100 positions.

“Finance and insurance comprise almost 80 percent of this sector and suffered the largest decline in the last year of 1.6 percent,” said Shanker.

The government sector, which includes federal, state and local employment in public education, public administration agencies and state-owned hospitals, decreased by 800 jobs or .2 percent in 2011. In the last 10 years, the sector has grown by 17,800 positions.

Kentucky’s construction sector had 200 fewer jobs or .3 percent less in 2011. The sector has declined by 19,900 jobs or nearly 23 percent since 2001.

“The construction industry has been hard hit by the mortgage crisis, as well as the general economic recession. This was the fourth year of employment decline in Kentucky and the fifth year for the U.S. The only bright spot in construction was the 1.2 percent increase in employment for specialty trade contractors who comprise about 60 percent of the construction employment base,” Shanker said.

The U.S. Bureau of Labor Statistics’ estimate of the number of employed Kentuckians for 2011 was 1,870,382. This figure is up 20,944 from the 1,849,438 employed in 2010 and up 22,835 from 2001’s total level of employment at 1,847,547.

The estimate of the number of unemployed Kentuckians for 2011 was 197,046, down 13,149 from the 210,196 unemployed in 2010 but up 94,747 from 102,300 in 2001.

The estimate of the number of Kentuckians in the civilian labor force for 2011 was 2,067,429. This is up 7,795 from the 2,059,634 recorded in 2010 and up 117,582 persons from 1,949,847 in 2001.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count the number of people working. Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.